

City of Beverly

Five-Year Financial Forecast

FY 2009 to FY 2013

Prepared by: The Forecasting Committee

A Joint Committee of the City Council and the School Committee

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**City of Beverly
Five-Year Financial Forecast
FY 2009 – FY 2013**

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Executive Summary

This forecast represents the work of the Forecasting Committee, a joint committee of the city council and school committee that has worked since November 2007 to review the city's revenue and expenditure budgets and to establish assumptions for revenues and expenditures of the city's general fund over the next five years. The purpose of the committee's work and of the forecast was to determine the capacity of the city's revenue base to fund the current programs and services of the city and the school system from FY 09 to FY 13.

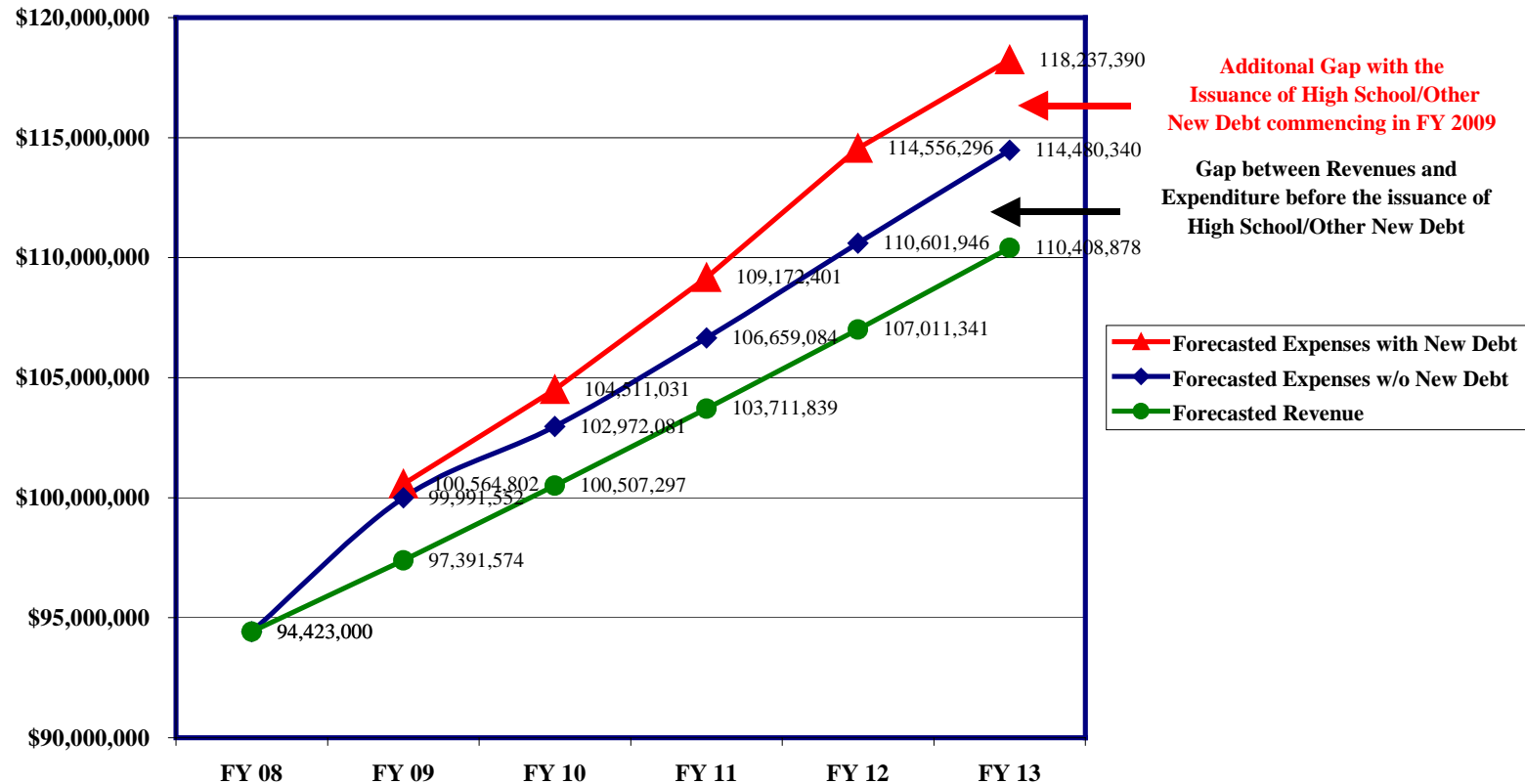
In brief, the city's revenue base is comprised of the property tax, state aid, motor vehicle excise tax, local receipts, interest income and some inter fund transfers. The principal growth revenue over the forecast period will be the property tax; state aid is constrained by the fiscal crisis at the state level and the only other revenues with any measurable growth are Medicaid and Medicare D. The revenue forecast and all revenue assumptions are documented in *Section I*.

The city's spending requirements have been forecasted based on current programs and services and based on the continuation of the current mix and number of positions in all municipal departments as well as in the school department. All collective bargaining agreements end as of June 30, 2008; this forecast assumes a 2.5% wage increase for all employees each year of the forecast period. General expenses have been increased consistent with required increases for health insurance and property insurance, the retirement assessment, state and county assessments, and vocational school assessments. The forecast includes the required debt service payments for all issued debt and the forecast includes the projected impact of the issuance of all authorized/unissued debt as it will impact each year of the forecast period, including debt service for the high school. The municipal expenditure forecast and assumptions are detailed in *Section II*.

The school forecast is similar to the municipal forecast as it continues all current staffing and programs and services, the wage increase assumption is also 2.5%; there is provision for growth in special education tuition payments to other districts and collaboratives based on additional students in the current year and projected tuition increases based on historical experience. The school forecast and assumptions are presented in *Section III*.

Based on a continuation of current municipal services, funding of the schools based on the forecasted needs presented, issuance of the authorized/unissued debt and no other capital investment/initiatives in the five year forecast period, the city is projected to have deficits in each year of the forecast period (FY 09 through FY 13). Specifically the revenue base as forecasted cannot sustain the current services, programs and policies of the city and the school department. Moreover the "gap" between the forecasted revenues and expenditures increases significantly with the addition of the authorized/unissued debt (for the high school and other projects/equipment) that will be issued in the spring of 2008. The graph on the next page presents a picture of the forecasted gap between forecasted revenues and annual operating needs and presents the additional gap with the issuance of the authorized/unissued debt in the spring of 2008. A complete discussion of the projected financial picture is presented in *Section IV*.

City of Beverly Financial Forecast (FY 2009 to FY 2013)



Clearly, as state law requires, the city can only authorize an annual municipal budget, which has its revenue and expenditures in balance each year. The budget gap presented in this forecast is an identification of the parameters of the major policy decisions that will ultimately have to be made in order to secure balanced budgets. Policy decisions that can include or exclude a combination of: cuts in service, reductions in staff, reduction or curtailment of wage increases, implementation of greater employee share of health insurance, or permanent or debt exclusion overrides among others. A listing of policy options is presented in *Section V*.

Our report includes a *Glossary* of terms and municipal finance terms to assist any reader of this document. We have also presented various data, tables and charts in the *Appendix*.

I. Revenue Forecast and Assumptions

I. Revenue Forecast and Assumptions

The following are the committee's assumptions for each category of revenue. The Revenue Forecast for the next five years is presented on the last page of this *Section*.

Tax Levy and New Growth

The tax levy is the principal revenue for funding the city's general fund. It is also the revenue source that will provide the primary annual growth in each year of the five year forecast versus any other revenue category. The City of Beverly taxes to the maximum allowable tax levy and this forecast assumes continuation of this policy for each year of the forecast period.

The maximum allowable levy is comprised of the base levy from the prior fiscal year, increased by 2.5% pursuant to the provisions of Proposition 2½, plus a increase for "New Growth", which is then reduced by a provision for abatements and exemptions (overlay).

Historically, over the past ten years the city has averaged an annual of \$1,007,000 in "New Growth" without the Cummings TIF. (Historical information is presented in *Appendix A*). The past two years "New Growth" has been between \$850,000 and \$896,000. Based on the softening in the economy as well trends statewide in declines in "New Growth" and the absence of any approved and executed major development agreements with timelines, the forecast assumes continued "New Growth" at \$900,000 per year for each year of the forecast period.

State Aid

The city receives various types of state aid, the three major categories are: Chapter 70 (Education Aid), Lottery Aid and Additional Assistance. Historical information on state aid is presented in *Appendix A*. The city's FY 09 Cherry Sheet based on the Governor's Proposed Budget – House 1 is presented in *Appendix B*.

Chapter 70 Aid: This is the city's single largest form of state aid. Municipalities in Massachusetts can receive Chapter 70 Aid based upon four different components of the revised formula enacted into law in FY 07: 1. Foundation Aid, 2. Down-payment Aid of the Fully Phased in Foundation Budget, 3. Per Pupil Minimum Increase Aid or 4. Growth Aid. Since Beverly spends more than Foundation Budget it does not qualify for the first two categories of Chapter 70 aid. Beverly does qualify for "Growth Aid" and since the calculation of "Growth Aid"

in both FY 07 and FY 08 was greater than giving the city “per pupil minimum increase aid”, the city is a “Growth Aid” municipality under the current Chapter 70 formula. Growth aid (as enacted in FY 07) is intended to provide “equitable” increases in aid for districts whose current aid is already more than sufficient to reach Foundation Budget. Communities will receive aid here based on wealth/lack of wealth factors (specifically EQV and income compared to state averages). No community is expected to pay more than 82.5% of foundation (target local share).

As such Chapter 70 Aid each year is slated to increase by the state contributing 17.5% (100 – 82.5) of the annual change in the Beverly Public School’s Foundation Budget. This forecast includes the FY 09 Chapter 70 Aid as proposed in the *Governor’s Budget – House 1* and assumes a continued 5.4% growth in Beverly’s Foundation Budget; the annual incremental growth is then multiplied by 17.5% yielding:

Additional Chapter 70 Aid in FY 09	\$353,212
Additional Chapter 70 Aid in FY 10	\$372,199
Additional Chapter 70 Aid in FY 11	\$392,297
Additional Chapter 70 Aid in FY 12	\$413,482
Additional Chapter 70 Aid in FY 13	\$435,810

Lottery Aid: This forecast level funds “Lottery Aid” based on the current FY 08 Lottery Aid of \$4,815,621 for each year of the forecast period. As is well known lottery sales have experienced a \$124 million short fall in FY 08 and the MMA has forecasted a gap of \$100 million for FY 09. We also note that based on the FY 09 *Governor’s Proposed Budget – House 1*, Lottery Aid has been reduced by \$639,419 and the governor has proposed a new category of aid, “Gaming Proceeds for Lottery Gap” in the amount of \$639,419. If gaming initiatives as proposed are not passed by the legislature and if other aid solutions do not materialize then the city’s “gap” presented in this forecast between revenues and spending requirements would clearly increase/worsen.

Additional Assistance: The state provides Additional Assistance Aid to 159 municipalities including Beverly. This aid was level funded from FY 1992 to FY 2002. In both FY 2003 and FY 2004 it was reduced to all municipalities based on the state’s fiscal crisis. It has not increased since the final FY 2004 reduction and for each of the past five years (FY 04 to FY 08) the city has received \$2,452,442. This forecast assumes the continuation of Additional Assistance at \$2,452,442 for each year of the forecast period.

Other State Aid: There are smaller categories of state aid including Career Incentive Reimbursement (Quinn Bill) for police officers that have their associates, bachelors or masters degree. This category is increased at 2.5% per year. Some additional and very minimal reimbursements for veteran's benefits, and exemptions for elderly, blind and surviving spouses are held constant.

School Construction Reimbursement - The state's reimbursement for the elementary schools is presented in the forecasted consistent with their annual payment and the forecast shows on a separate line the additional reimbursement due the city as a result of school construction audits.

Motor Vehicle (MVX) and Other Excise:

The city collected \$3,938,807 of motor vehicle excise tax in FY 07, which was \$600,000 less than the previous fiscal year. This is principally due to the softening in car sales. The state in reviewing the city's Recap Sheet has reduced the city's FY 08 estimate of MVX collections and reduced it to \$4,039,302. The city also collects approximately \$30,000 each year from boat and hotel taxes. Based on the softening in the economy and the risk that residents may keep their vehicles for greater periods of time instead of replacing them, the committee is forecasting \$4 million of MVX and Other Excise for each year of the forecast period. Historical MVX revenue history is presented in Appendix A.

Local Receipts

This category of revenue includes licenses and permits, departmental revenues, rental income, payments in lieu of taxes, fines and penalties on interest on taxes. Over the past five fiscal years there have been changes in various sub categories of fees, licenses etc. Overall each year the city has collected in the range of \$3 million for total local receipts. The forecast assumes annual collections of \$3 million for each year of the forecast period. Historical local receipts revenue history is presented in *Appendix A*.

Interest Income

The city has normally earned less than \$200,000 in investment/interest income each fiscal year. In FY 07, \$310,000 was earned. This forecast assumes annual interest income of \$250,000. At the point of bond and BAN (bond anticipation notes) sales, the city will have the proceeds of the sale, which can have a positive affect on general fund interest income.

Medicaid and Medicare D

Medicaid revenue is revenue to the city's general fund and administered by the school department, this forecast assumes annual growth in reimbursements of 2.5% consistent with the wage increase of 2.5%. It is important to note that at the time of this forecast there are new Medicaid regulations released for review and comment by the Centers for Medicare and Medicaid Services that if promulgated would significantly reduce reimbursements to municipalities and school districts. If these pending regulations are actually adopted then the Medicaid revenue forecasted each year could be reduced by 40 to 50%.

Effective in FY 07, the city (and other municipalities) received Medicare D reimbursement. It represents reimbursement from the federal government for prescription drug benefits for the city's retirees. This forecast increases Medicare D each year by 9% consistent with the increase in the cost of health insurance.

Other Financing Sources

The general fund budget each year is supported by "non-revenues" called "Other Financing Sources". There are two categories: 1.) voted transfers from certified fund balances and 2.) transfers from enterprise funds for indirect costs associated with the enterprise that are budgeted in the general fund (management and support staff, retirement costs and health insurance).

The first category is voted transfers by the council from certified fund balances in three funds of the city: the parking violations fund, the parking meter receipts fund and the cemetery perpetual care fund. Historically these voted balances total \$355,000. This forecast continues the same amount of transfers from these trust and special revenue funds.

The second category representing transfers from the water, sewer, airport, recreation and senior citizen enterprise funds are forecasted to increase and the assumptions are consistent with assumptions presented in the expenditure side of this presentation. Specifically, transfers for reimbursement of wages are increased at 2.5%, transfers for expense reimbursement are increased at 2%; those for health insurance are increased at 9% and those for pension/share of retirement assessment are increased at 4.5%.

City of Beverly

Revenue Forecast: FY 09 to FY 13

Line:		<u>FORECASTED:</u>					
		FY 08 Budget	FY 09 Forecast	FY 10 Forecast	FY 11 Forecast	FY 12 Forecast	FY 13 Forecast
	REVENUES:						
A	PROPERTY TAX: PRIOR FY LEVY LIMIT	\$65,341,677	\$67,871,885	\$70,468,682	\$73,130,399	\$75,858,659	\$78,655,126
B	Plus: 2 1/2% Increase	1,633,542	1,696,797	1,761,717	1,828,260	1,896,466	1,966,378
C	Plus: "New Growth"	896,666	900,000	900,000	900,000	900,000	900,000
D	LEVY	67,871,885	70,468,682	73,130,399	75,858,659	78,655,126	81,521,504
E	Less: Overlay (Provision for Abatements)	(387,539)	(493,281)	(511,913)	(531,011)	(550,586)	(570,651)
F	TAX REVENUE NET OF OVERLAY	67,484,346	69,975,401	72,618,486	75,327,648	78,104,540	80,950,853
G	STATE AID*	14,607,094	15,029,966	15,409,103	15,808,512	16,229,283	16,672,564
H	School Construction Reimb	1,943,054	1,943,054	1,943,054	1,943,054	1,943,054	1,943,054
I	Add. School Construction Reimb. (Per Audit)		577,757	577,757	577,757	577,757	577,757
J	Medicaid	750,000	768,750	787,969	807,668	827,860	848,556
K	Medicare D		250,000	272,500	297,025	323,757	352,895
L	Motor Vehicle, Boat, Hotel Excise	4,074,302	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
M	Local Receipts	2,999,625	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
N	Interest Income	325,000	250,000	250,000	250,000	250,000	250,000
O	Transfers from Enterprise Funds	1,099,774	1,141,646	1,193,428	1,245,175	1,300,090	1,358,198
P	Other Available Funds	355,000	355,000	355,000	355,000	355,000	355,000
Q	Free Cash	400,000	0	0	0	0	0
R	Additional Funding Per 12/21/07 Recap Sheet	385,198	0	0	0	0	0
S	Total Projected Revenue	\$94,423,393	\$97,391,574	\$100,507,297	\$103,711,839	\$107,011,341	\$110,408,878

Annual Change in General Fund Revenue

\$2,968,181

\$3,115,723

\$3,204,542

\$3,299,501

\$3,397,537

** includes Chapter 70, Lottery, Additional Assistance
Quinn Bill and veterans/other exemptions aid*

II. Expenditure Forecast and Assumptions – Municipal Budget

II. Expenditure Forecast and Assumptions - Municipal Budget

This section presents the specific assumptions for each category of municipal expenditures and the overall municipal forecast is presented on the last page of this *Section*.

Salaries and Wages: The basic assumption in the forecast is that this is a current service forecast and it assumes that all employees/positions in each city function/department will continue to be employed and to provide the service. The salary and wage assumption for the forecast period is that each employee/position receives a 2.5% annual increase as of July 1 of each fiscal year. The amount of increase for FY 09 for municipal (and school) is greater than 2.5% because in FY 08 the employees received split increases and the final year end salaries/wages had to be annualized and then increased by 2.5%. Most municipal employees are at the top step and no additional funds are forecasted for step increases, there will also be some turnover and more senior personnel may be replaced by a successor who makes a lower wage. Generally this turnover and step progression is assumed to balance out on the municipal side of the budget for forecasting purposes.

Expenses: The city has many contracts for services, procures various supplies and small equipment, and makes payments to various professional associations and the like across all municipal functions and departments. This forecast takes the total FY 08 expense budget for all departments and increases this cost by 2% for each year of the forecast period.

Capital Outlay: The annual city budget provides a very limited provision of \$170,000 for capital outlay, vehicles, trucks and small equipment. This forecast maintains the same amount each year of the forecast period. Other than this provision, the forecast includes no funding for replacement of capital items or capital improvements.

Property Casualty Insurance: This is insurance for all buildings and facilities. This insurance has consistently increased in the past and this forecast assumes annual increases of 7%.

Sanitation: This forecast maintains a constant amount in the general fund for sanitation/trash for the five years of the forecast. This represents the subsidy of the general fund to the sanitation enterprise fund. If the cost for trash collection and disposal increase, there is a surplus within the enterprise fund that can be utilized to defray the increases.

Retirement Assessment: The city is one of two members of the Beverly Contributory Retirement System (BCRS); the other member is the Beverly Housing Authority. Each year in compliance with Governmental Accounting Standards Board (GASB) requirements the BCRS is required to have an actuarial valuation to determine based on investment performance, life spans of employees, impacts of early retirement incentives the funding schedule to fully fund the system in compliance with state law. This forecast includes the annual appropriation required from the city each year from FY 09 to FY 13 consistent with the actuarial funding schedule.

The BCRS has made a policy decision to invest funds in the states PRIT fund, which has generally had returns greater than most local retirement systems. The current funding schedule is valid to use in this forecast as economic downturns, the stock market, longevity of retirees etc. all affect the funding needs which will be restated in the next actuarial valuation, which even with investment in the PRIT fund could increase depending on other factors. The current actuarial valuation is the best source for the five year forecast.

Health Insurance: Health Insurance is one segment of all municipal and school budgets that has been escalating significantly over the past several years. Three years ago when the city completed negotiations with its unions reduced the city/employer's share of the health insurance from 90% to 80% (phased in over three years). This forecast since it represents the continuation of current services and current policies takes the full FY 08 appropriation for health insurance and increases it at 9% each year of the forecast period. As a note the health insurance cost for school employees is included in the school budget forecast and is factored up at the same increase of 9% per year.

The health insurance forecast makes no provision for post employment benefits. The city intends to have an actuarial valuation completed in the next few months of its post employment benefits (other than pensions which are funded per an actuarial schedule).

Authorized/Issued Debt Service: This category of the forecast simply presents all the debt that has been issued in the past for various capital projects for instance the elementary schools, library, drainage etc. and presents the actual debt payments due in each year of the forecast period.

Authorized/Unissued Debt Service: This category presents the proforma (estimated) debt schedule for all the debt authorized by the council, which has not yet been issued but will be issued late in fiscal year 2008 and will then require annual debt repayments in each year of the forecast period. The Proforma Debt Schedule by project/capital item is presented in *Appendix C*. All long-term debt, per the city's finance director assumes an interest rate of 5%.

This schedule also presents the proforma (estimated) debt service for the city's largest capital commitment, the high school. The assumptions are as follows: the high school will be funded on a short term basis with bond anticipation notes (BANs) for fiscal years 2009 to 2011. The interest rate assumption on the BANS is 3.5%; the long-term debt service on the high school will impact fiscal years 2012 and 2013 and beyond, the interest rate assumption is 5% and the principal amount to be issued is \$35,000,000.

It is also important to note that for example in FY 10 and FY 11 which shows the city's high school BAN payments at \$1,050,000 and \$2,041,667 respectively, that this is solely the city's share. If the construction of the high school proceeds for a time prior to SBA making funds available then the BAN payments would greatly increase (millions) each year until they officially committed to the project. The city would be borrowing in anticipation of SBA funding.

It is important to note that this forecast does not include funding for any other capital improvements for the city's infrastructure or for the school department.

State and County Assessments: The city is assessed each year for such services as the Metropolitan Area Planning Council, Mosquito Control Projects, the MBTA, Essex County Sending Tuition, School Choice Sending Tuition and other services. Virtually every year the assessments increase in range of 2 to 4%. This forecast includes the FY 09 state assessments as proposed in the *Governor's Budget – House 1* and presented in *Appendix B*. The FY 09 total state and county assessments are then forecast to increase by 2.5% each year.

Reserve for Unforeseen: This category provides a small reserve for unforeseen expenses during each fiscal year. This forecast provides a small reserve consistent with history.

Vocational School Assessment: The city's vocational school assessment decreased in FY 08 due to a decline in students enrolled at the vocational school. The historical vocational school enrollment and assessments are presented in *Appendix D*. This forecast assumes that enrollment will stay constant at current levels and that the city's assessment will increase going forward at 5% each year consistent with the annual increases in the Voke School's total annual budget increases.

Workers Compensation, Payroll Tax, and Life Insurance: Overall these combined costs are increased at 5% for each year of the forecast.

City of Beverly

Municipal Expenditure Forecast: FY 09 to 13

		<u>FORECASTED:</u>				
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
<i>EXPENDITURES:</i>						
SALARIES & WAGES	18,384,275	19,278,290	19,760,247	20,254,254	20,760,610	21,279,625
EXPENSES	5,170,764	5,274,179	5,379,663	5,487,256	5,597,001	5,708,941
CAPITAL OUTLAY	170,199	170,000	170,000	170,000	170,000	170,000
PROPERTYCASUALTY INSURANCE	500,000	535,000	572,450	612,522	655,398	701,276
SANITATION	1,602,750	1,602,750	1,602,750	1,602,750	1,602,750	1,602,750
HEALTH INSURANCE (Municipal Employees)	\$8,556,000	\$9,326,040	\$10,165,384	\$11,080,268	\$12,077,492	\$13,164,467
<i>DEBT SERVICE:</i>						
Existing Long Term Debt Service	7,121,058	6,994,161	6,584,160	6,542,454	6,491,923	6,209,524
Short Term	525,000					
RETIREMENT ASSESSMENT (Pensions)	6,552,068	6,748,450	7,122,396	7,444,572	7,782,317	8,136,394
WORKERS COMP, PAYROLL TAX, LIFE INS.	540,000	567,000	595,350	625,118	656,373	689,192
STATE and COUNTY ASSESSMENTS	1,765,898	1,817,357	1,862,791	1,909,361	1,957,095	2,006,022
RESERVE FOR UNFORESEEN	148,310	151,276	154,302	157,388	160,536	163,746
VOCATIONAL SCHOOL	1,466,222	1,539,533	1,616,510	1,697,335	1,782,202	1,871,312
Total Projected Municipal Expenditures	52,502,544	54,004,037	55,586,002	57,583,276	59,693,697	61,703,249

New Debt to be Issued in Spring 2008*

\$573,250 \$1,538,950 \$2,513,317 \$3,954,350 \$3,757,050

* Detail by Project is Presented in Appendix C.

New Debt is a separate line in Summary in Section IV.

III. Expenditure Forecast and Assumptions – School Budget

School Budget Forecast – Expenditure Assumptions

The committee's assumptions are presented below and the complete school budget forecast is presented on the last page of this *Section*.

Salaries and Wages: The collective bargaining agreements for the various school unions end as of June 30, 2008. Consistent with the salary and wage assumption on the municipal side, this forecast assumes a 2.5% increase each year of the forecast period. This forecast also assumes that the continuation of all current staff providing today's programs and services. Additionally, this forecast includes the necessary funding for contract and step moves for teachers, which is based on historical data and trends. The same approach was also applied to substitutes, custodians, and non-instructional administration.

Buildings Expenses, and Curriculum Expenses: Buildings budgets are forecasted with an increase of 2% increase per year. In the category of curriculum expense there were several large purchases in 2007; the FY 08 budget was reduced in this area and the FY 08 spending level has been increased at 2% for each year of the forecast period.

Utilities: The FY 08 utility budget will be insufficient in FY 08, as this category was budgeted with some level of risk. Utility costs have increased due to new contracts. FY09 is forecasted to grow based on historical usage and cost data. After FY 09 the utility category is then increased at 2% based on forecasted additional usage.

School Committee: This category is forecasted to be level funded with the one exception of a 2% increase in costs associated with memberships.

Buildings and Grounds: Buildings and grounds were level funded for FY09. The forecast then provides for an increase of 2% each year for contracts and expenses. The buildings and grounds department had experienced a large increase in FY06 for the middle school consolidation efforts.

Special Education Transportation: This forecast provides a 2.5% increase for salaries of transportation staff (consistent with the wage assumption for all city and school employees). The contractual services portion of transportation expense has been increased at 4% based on trends in this area.

Tuition: Due to the fact that over \$600,000 of SPED tuitions had been prepaid in FY 08 with FY 07 funds (as allowed by state regulations) in combination with the use of circuit breaker funds, the special education tuition budget for FY09 must increase that amount plus the requisite percentage for contract increases. Based upon discussions with the Special Education Director the tuition payments to other districts has been increased 4% for each year of the forecast period.

SPED Staff and Expenses: The salaried special education staff is increased at 2.5% for each year of the forecast period and SPED expenses; supplies and materials were increased at 2%. It is important to note that staff was added in the period of FY 06-FY08 in order to mitigate the magnitude of the increase in district's SPED tuition. There are no staff (FTE) increases forecasted, solely wage increases for the current staff.

Benefits: The health insurance element of this category has been increased at 9% consistent with the assumption for municipal employees' health insurance. FICA and unemployment however were only increased 2.5%, the same amount that was budgeted for salary increases.

**Beverly Public Schools
Expenditure Forecast**

<i>Expenditures:</i>	Original Budget FY 2008	Revised Budget FY 2008	<u><i>FORECASTED:</i></u> FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Salary and Wages:							
<i>Teachers</i>	\$16,236,857	\$16,173,688	\$16,763,205	\$16,992,273	\$17,416,218	\$17,850,744	\$18,296,116
<i>Special Ed + Aides</i>	\$4,294,470	\$4,128,275	\$4,231,482	\$4,337,269	\$4,445,701	\$4,556,843	\$4,670,764
<i>Admin + Principals</i>	\$2,338,087	\$2,403,695	\$2,470,937	\$2,548,654	\$2,620,272	\$2,696,345	\$2,777,535
<i>Non-Instructional</i>	\$2,599,973	\$2,770,199	\$2,839,454	\$2,910,440	\$2,983,201	\$3,057,781	\$3,134,226
<i>Custodial</i>	\$1,027,272	\$1,031,024	\$1,056,800	\$1,082,787	\$1,109,422	\$1,136,723	\$1,164,705
Building Budgets	\$670,178	\$718,464	\$689,162	\$703,098	\$717,320	\$731,835	\$746,649
Utilities	\$1,266,141	\$1,299,601	\$1,517,803	\$1,548,159	\$1,579,122	\$1,610,705	\$1,642,919
District Curriculum	\$358,720	\$467,280	\$430,203	\$438,807	\$447,583	\$456,534	\$465,665
School Committee	\$31,100	\$31,100	\$31,100	\$31,284	\$31,472	\$31,663	\$31,858
Buildings and Grounds	\$912,500	\$964,271	\$910,912	\$929,131	\$947,713	\$966,667	\$986,001
Transportation:							
<i>Regular</i>	\$909,860	\$907,583	\$927,806	\$949,711	\$972,137	\$995,098	\$1,018,606
<i>Sped</i>	\$821,850	\$964,386	\$1,025,240	\$1,056,464	\$1,088,711	\$1,122,015	\$1,156,414
SPED Tuition	\$3,641,915	\$4,133,338	\$5,180,919	\$5,388,156	\$5,603,682	\$5,827,829	\$6,060,943
SPED Staff	\$1,337,576	\$1,523,471	\$1,561,558	\$1,600,412	\$1,640,234	\$1,681,048	\$1,722,879
SPED Expenses	\$190,158	\$259,466	\$233,255	\$237,260	\$241,345	\$245,512	\$249,762
Benefits	\$6,311,826	\$6,382,883	\$6,868,000	\$7,450,769	\$8,030,461	\$8,718,193	\$9,407,333
Admin. Expenses	\$331,003	\$331,325	\$331,003	\$338,299	\$345,757	\$353,382	\$361,177
Steps/Column/M + 60	\$386,096	\$137,967	\$563,000	\$566,760	\$568,171	\$570,835	\$573,551
Substitutes	\$416,440	\$416,440	\$426,851	\$437,522	\$448,460	\$459,672	\$471,164
TOTAL BUDGET	\$44,082,022	\$45,044,453	\$48,058,689	\$49,547,253	\$51,236,982	\$53,069,423	\$54,938,265
Less: School Revenues	\$2,161,174		\$2,161,174	\$2,161,174	\$2,161,174	\$2,161,174	\$2,161,174
Forecasted CITY APPROPRIATION	\$41,920,848		\$45,897,515	\$47,386,079	\$49,075,808	\$50,908,249	\$52,777,091

IV. In Brief: The General Fund Five-Year Forecast

IV. In Brief: The General Fund Five Year Forecast

Based upon the continuation of current programs, services and staffing, payment of health insurance, debt and assessments, etc. and then the additional impact of the new debt service for the high school and other projects and equipment the forecasted revenues cannot sustain the city's requirements. Below is the summary presentation of the revenues and of the municipal spending, school spending and the new debt requirements based on the stated assumptions in the prior sections of this report. Each year the revenues cannot sustain the needs.

Financial Forecast Summary:

	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Total Forecasted Revenues and Other Financing Sources	\$94,423,000	\$97,391,574	\$100,507,297	\$103,711,839	\$107,011,341	\$110,408,878
Less: Municipal Expenditures (Including current debt service)	52,502,544	54,004,037	55,586,002	57,583,276	59,963,697	61,703,249
Less: School Expenditures (General Fund Appropriation)	41,920,848	45,987,515	47,386,079	49,075,808	50,908,249	52,777,091
"Gap": The Excess of Expenditure over Revenues		(\$2,599,978)	(\$2,464,784)	(\$2,947,245)	(\$3,860,605)	(\$4,071,462)
Less: New Debt Service (High School and Other)		\$573,250	\$1,538,950	\$2,513,317	\$3,954,350	\$3,757,050
Total Projected Annual "Gap" between Revenues and and all forecasted expenditures including New Debt		(\$3,173,228)	(\$4,003,734)	(\$5,460,562)	(\$7,814,955)	(\$7,828,512)
Projected Cumulative "Gap"			(\$7,176,962)	(\$12,637,524)	(\$20,452,479)	(\$28,280,991)

Also, it is important to note as you look at these numbers and the projected "gaps" that the forecasted revenues carry risk to the extent that Lottery Aid may not be level funded as this forecast assumes and Medicaid revenues as projected could be reduced 40% to 50% if pending initiatives to reduce Medicaid assistance are enacted. Moreover, the projected new debt schedule could require additional borrowing in FY 10 and FY 11 if the School Building Authority (SBA) funding is somewhat in arrears of the payments (cash outflow) for the construction of the high school.

It is important to note that if any area of the budget where the actual future is worse than the stated assumption then more reductions would be necessary as the city does not have any certified "Free Cash" nor any stabilization funds to bridge any anomalies. At the point that the city has "Free Cash" (after issuance of BANs and bonds, for example) then "Free Cash" would be a source to address downturns in revenue etc. The only other major caveat is that this forecast does not provide a reserve for snow and ice deficits in any future year. The city has a minimal snow and ice budget and if more funds had to be raised in various years of the forecast period that would be an additional burden.

V. Potential Policy Options for Consideration

Potential Policy Options for Consideration

The city's policy makers have various policy options to address the projected gaps between revenues and expenditures in the future years. The following are options that have been implemented in many other cities and towns, some will increase your revenues, others will reduce/mitigate the projected growth in costs:

- Cut current city services and programs and staff providing the respective service/program
- Cut current school services, programs and staff providing the respective service/program
- Limit or totally curtail increases in wages effective July 1, 2008 (FY 09) as all collective bargaining agreements expire on June 30, 2008
- Increase the employees' share of health insurance effective
- Join the Commonwealth's Health Insurance Plan as administered by the Group Insurance Commission (GIC) which has been on the forefront of design of health insurance plans that target cost savings and quality improvements
- Increase the trash fee to reduce or entirely eliminate the general fund subsidy to the sanitation/trash enterprise fund (would require change to current ordinance).
- Determine a plan for overrides: permanent, debt exclusion and/or capital exclusions and place override proposals on the ballot for vote of the residents
- Implement more Payment in lieu of Tax (PILOT) agreements with tax exempt organizations in the city
- Generate non- recurring revenues from sale of city and school assets
- Increase new growth (beyond historical annual levels)

Glossary

Glossary of Terms

Abatement – A complete or partial cancellation of a tax imposed by a municipality. The local Board of Assessors administers abatements.

Additional Assistance Aid – This category of state aid is provided to 159 cities and towns. This aid has declined over the years but after the last decrease in FY 2004 it has been level funded to the 159 communities that qualify for it. It is not based on a specific formula rather it is derived from a combined legacy of many factors over its history.

Adopted Budget – The final annual budget as approved by the city council.

Appropriation –an authorization granted by a legislative body (council) to make expenditures and incur obligations for specific purposes and which is usually limited in amount and to the time during which it may be expended.

Appropriations Order – the order for vote by which appropriations are enacted into law by the legislative body. This gives legal authority to spend.

Assessed Valuation – a valuation set upon real estate or other property by a government as a basis for levying taxes. In Massachusetts, assessed valuation is based on “full and fair

cash value”; the amount a willing buyer would pay a willing seller in the open market.

Available Funds- these funds are established through previous appropriations or results of favorable conditions. These may be appropriated to meet emergency or unforeseen expenses, large one time or capital expenditures. Examples: free cash, stabilization fund, overlay surplus, water surplus etc.

Bond Anticipation Notes (BANs) - Notes issued in anticipation of the later issuance of bonds.

Budget –a plan of financial operation containing an estimate of proposed expenditures for a single fiscal year (July 1 to June 30) and the proposed means of financing them.

Capital expenditures/improvements – these are items generally found in the capital budget such as construction costs, site development, major repairs or replacement of capital facilities and public ways.

Capital expenditure exclusion – A one-year increase in the levy limit approved by the voters in a referendum for the purpose of funding a capital project. The referendum question defines the project, states the maximum amount of the exclusion and specifies the fiscal year in which the payment will occur.

Chapter 70 Aid – This is the Commonwealth’s program for ensuring adequate and equitable K-12 education funding, since its original enactment as part of the 1993 education reform law. The formula has a required local contribution from each city and town. The intent was that richer communities would be asked to contribute more and conversely would receive less Chapter 70 aid than poorer communities. Based on the FY 2004 changes to the formula, there are four sub components of aid that determine the annual increases in funding to the community/school district. They are: foundation aid, down payment aid, growth aid and \$50 per pupil minimum aid.

Character of Expenditure – a grouping of expenditures on the basis of the nature of goods or services purchased as follows:

Personal services – direct payment to employees of wages and salaries through normal payroll procedures.

Non-personal services – payment of ordinary and recurring operating expenses not otherwise classified

Capital Outlay – payments of a relatively recurring nature to acquire or replace equipment for normal operating purposes, normally with a life expectancy of one to five years.

Cherry Sheet – A form showing all state charges and reimbursements to the city as certified by the state director of

accounts. Years ago this document was printed on cherry colored paper.

Collective Bargaining – the negotiations between an employer and union representative regarding wages, hours and working conditions.

Debt Exclusion – A temporary increase in the levy limit approved by the voters in a referendum for the purpose of funding a capital project b means of debt. Both principal and interest are excluded from the levy limit until the debt is retired.

Debt Limit – the maximum amount of debt that a municipality may have authorize for qualified purposed under stare and self imposed ceilings

Debt Service – the cost (usually stated in annual terms) of the principal retirement and interest of any particular issue.

Encumbrances – obligations in the form of a purchase order or contract, which are chargeable to an appropriation and for which that part of the appropriation is reserved. They cease to be an encumbrance when paid or when an actual liability for payment is recorded.

Enterprise Fund – A fund established to account for operations that are financed and operated in a manner similar to a private business enterprise. State law allows enterprises for water, sewer, solid waste, airports, hospitals, and transportation

and recreation services. Both the costs and revenues of the enterprise are segregated from other finances of the town.

EQV – Equalized valuations present an estimate of fair cash value of all taxable property in each municipality as of January 1st of each year. The EQV is a measure of the relative property wealth in each city or town. Its purpose is to allow for comparisons of municipal property values at one point in time, adjusting for differences in local assessing practices and revaluation schedules.

Excess Levy Capacity – the difference between the levy limit and the amount of real and personal property taxes actually levied in a given year. Annually the council must be informed of excess levy capacity and evidence of such acknowledgment must be submitted to DOR when setting the tax rate.

Exclusions - Exclusions allow, by referendum vote, an increase in the amount of property taxes that a municipality may levy for a limited period of time and only for capital purposes. The revenue is in addition to the levy limit but it neither increases the levy limit nor becomes part of the base for calculating levy limits of future years.

Expenditures – the spending of money by municipality for programs and services within their approved budgets.

Fiscal Year – the state and all municipalities operate on a fiscal year, which begins on July 1 and ends on June 30. For example FY 2001 begins July 1, 2000 and ends on June 30, 2001.

Foundation Budget – the target set for each school district defining the minimum spending level necessary to provide an adequate education for all students. The foundation budget calculations allocate fixed spending target amounts per pupil for teachers' salaries and benefits, support staff salaries and benefits, utilities, maintenance costs, books and equipment. These calculations are adjusted annually for inflation and also take into account the district's pupil characteristics and the regional labor market.

Free Cash – funds remaining from the operations of the previous fiscal year, which are certified by DOR's director of accounts as available for appropriation. Free cash when certified can only be spent via an appropriation of a city council, board of aldermen or town meeting.

Fund – an accounting entity with a self balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

General Fund – The general operating fund of the city. It includes revenues from taxation, general state aid, school aid, and all other financial resources that are not held for specific purposes. Expenditures from this fund may be for any purpose for which a municipality may legally appropriate funds. Enterprise fund money is not part of the General Fund.

General Obligation Bonds – bonds issued by a municipality, which are backed by the full faith and credit of its taxing authority.

Intergovernmental Revenue – revenue received from other governments (state, federal, county) in the form of grants, shared revenues and aid.

Levy – The total amount of real and personal property taxes assessed in a given year, referred to as “the levy”.

Levy Limit - the maximum amount a community can levy in a given year. The limit can grow each year by 2 and ½ % of the prior year’s levy limit, plus new growth and any overrides.

Local Aid – revenue allocated by the Commonwealth to municipalities. Estimates of local aid are transmitted to municipalities by the “Cherry Sheet”.

Local Receipts – locally generated revenues other than real and personal property taxes and excluding enterprise fund revenues. Examples include, motor vehicle excise, investment income, fees, rentals and charges.

Lottery Aid – This aid provides that a portion of annual lottery receipts are allocated to municipalities. The Lottery distribution formula is “equalizing” and provides that municipalities with lower property values receive proportionately more aid than those with greater property values. The formula is based on population and Equalized Property Valuation (EQV).

Net School Spending – includes both school budget and municipal budget amounts attributable to education excluding long-term debt service, student transportation, school lunches and certain other specified school expenditures. A municipality’s NSS funding must equal or exceed the NSS requirement established annually by the Department of Education.

New Growth – The increased value in a given year of new development and other growth in the tax based that is not the result of revaluation. Included are physical additions or improvements to taxable property, new personal property and new subdivision parcels and condominium conversions.

Operating Budget- the plan of proposed expenditure for personnel, supplies and other expense for the coming fiscal year.

Other amounts to be raised - amounts raised through taxation, but which are not appropriation items. Generally, these are locally generated expenditures (i.e. overlay, teacher pay deferral, deficits) as well as state and county charges.

Overlay – an account established annually to fund anticipated property tax abatements and exemptions in that year. The overlay reserve is not established by the normal appropriation processes, but rather is raised on the tax rate recapitulation sheet. If, at the end of a fiscal year, a balance remains in the reserve and the Assessor’s determine that no further claims are pending, the amount remaining may be re-appropriated for other purposes or closed to the general fund balance.

Override – A permanent increase in the levy limit approved by the voters in a referendum. The increase becomes part of the base for calculating levy limits of future years. An override ballot question requests funding for expenses that are expected to continue into the future. Overrides may be structured in any of three forms: a single ballot question stating a single purpose; a “pyramid” consisting of two or more questions stating the same purpose but different amounts of money in each question, or a “menu” of separate questions each stating a different purpose along with its related amount of money.

Policy: A definite course of action adopted after review of information and directed at the realization of goals.

Property Tax Levy – the amount a community can raise through the property tax. The levy can be any amount up to the levy limit plus exclusions.

Proposition 2 and ½ - A law that became effective on December 4, 1980. It provides that the tax levy cannot exceed 2 and ½% of the full and fair cash value (levy ceiling).

Reserve Fund – an amount set aside annually with the budget to provide a funding source for extraordinary and unforeseen expenditures. In a city, transfers from this fund may be voted by the city council upon recommendation by the mayor.

Stabilization fund – a fund from which any amount may be appropriated for any legal purpose. The aggregate of the fund shall not exceed ten percent of the city’s equalized value and any interest shall be added to and become part of the fund. A two-thirds vote of the town meeting or city council is required to appropriate monies from the stabilization fund.

Tax Rate – the amount of tax stated in term of a unit of the tax base; for example \$14.8 per \$1,000 of assessed valuation of taxable property.

APPENDICES

APPENDIX A

Historical Revenue Information

**City of Beverly's
New Growth and Overlay History
10 Year History of Actual New Growth**

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Certified New Growth										
<i>to add to Tax Levy</i>	\$ 720,236	\$ 1,218,127	\$ 1,107,118	\$ 1,085,170	\$ 2,518,522	\$ 907,487	\$ 992,751	\$ 1,989,990	\$ 1,022,320	\$ 1,618,053
					<i>Note A</i>			<i>Note B</i>		<i>Note C</i>

Notes:

- A. Cummings TIF Year (Non-Recurring sprut in New Growth)
- B. Extensive Personal Property of one Business
- C. Last Portion of Cummings TIF (Non-Recurring sprut in New Growth)

Average Annual New Growth without FY 02 and FY 07 - Cummings TIF Years and without FY 05 = **\$ 1,007,601**

**Provision of Abatements/Exemptions
Overlay**

<i>to subtract from Tax Levy</i>	\$ 557,128	\$ 542,299	\$ 665,721	\$ 597,438	\$ 620,898	\$ 403,530	\$ 430,000	\$ 1,237,685	\$ 405,454	\$ 398,977
<i>Overlay as a % of Tax Levy</i>	1.36	1.26	1.47	1.25	1.2	0.75	0.76	2.08	0.65	0.61

Overlay Used

**City of Beverly's
Motor Vehicle Excise Tax
10 Year History of Actual MVX Revenue**

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
MVX Revenue	3,045,321	3,192,740	3,033,249	4,260,252	3,994,430	3,781,799	3,924,811	4,093,728	4,574,980	3,936,706
Annual Increase/Decrease from Prior Year		147,419	(159,491)	1,227,003	(265,822)	(212,631)	143,012	168,917	481,252	(638,274)

City of Beverly History of State Aid to General Fund FY 04 to FY 08

Education Programs:		FY2004	FY2005	FY2006	FY2007	FY2008
Chapter 70		6,107,219	6,107,219	6,332,869	6,612,472	6,901,558
School Transportation		0	0	0	0	0
School Construction		1,923,623	1,943,054	1,943,054	1,943,054	1,943,054
Retired Teachers' Pensions		0	0	0	0	0
Tuition of State Wards		0	0	0	0	0
Charter Tuition Assessment Reimbursement		3,901	6,702	0	53,456	15,532
Charter School Capital Facility Reimbursement		0	0	0	0	0
Education Offset Items						
Sub-Total, All Education Programs		8,034,743	8,056,975	8,275,923	8,608,982	8,860,144
General Government Programs:						
Lottery		3,485,521	3,485,521	3,970,874	4,741,621	4,815,621
Additional Assistance		2,452,442	2,452,442	2,452,442	2,452,442	2,452,442
Highway Fund		0	0	0	0	0
Local Share of Racing Taxes		0	0	0	0	0
Regional Public Libraries		0	0	0	0	0
Police Career Incentive		215,337	215,380	203,450	232,138	264,018
Urban Renewal Projects		0	0	0	0	0
Veterans Benefits		6,252	7,517	3,838	45,527	52,904
Exempt: Vets, Blind Persons & Surv Spouses		50,055	49,600	50,232	45,609	80,923
Exempt: Elderly		34,604	29,116	28,112	25,100	24,096
State Owned Land		0	0	0	0	0
Sub-Total, All General Government		6,244,211	6,239,576	6,708,948	7,542,437	7,690,004
Total State Aid		14,278,954	14,296,551	14,984,871	16,151,419	16,550,148

4 see Next page

Change in Aid each year	\$	17,597	\$	688,320	\$	1,166,548	\$	398,729
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**MSBA Grant Funding - Elementary Schools
Based on Final Audits**

YEAR	Hannah	Centerville	No. Beverly	McKeown	Cove	Ayers	Total New Grant	Total Original Grant	Additional Grant
2007	\$ 306,307	\$ 298,673	\$ 315,388	\$ 327,506	\$ 363,610	\$ 331,570	\$ 1,943,054	\$ 1,943,054	\$ -
2008	\$ 470,715	\$ 484,860	\$ 469,932	\$ 327,506	\$ 490,451	\$ 331,570	\$ 2,575,034	\$ 1,943,054	\$ 631,980
2009	\$ 470,715	\$ 484,860	\$ 469,932	\$ 289,874	\$ 490,451	\$ 314,980	\$ 2,520,812	\$ 1,943,054	\$ 577,758
2010	\$ 470,715	\$ 484,860	\$ 469,932	\$ 289,874	\$ 490,450	\$ 314,980	\$ 2,520,811	\$ 1,943,054	\$ 577,757
2011	\$ 470,715	\$ 484,859	\$ 469,932	\$ 289,874	\$ 490,450	\$ 314,980	\$ 2,520,810	\$ 1,943,054	\$ 577,756
2012	\$ 470,715	\$ 484,859	\$ 469,932	\$ 289,874	\$ 490,450	\$ 314,980	\$ 2,520,810	\$ 1,943,054	\$ 577,756
2013	\$ 470,715	\$ 484,859	\$ 469,932	\$ 289,874	\$ 490,450	\$ 314,980	\$ 2,520,810	\$ 1,943,054	\$ 577,756
2014	\$ 470,715	\$ 484,859	\$ 469,932	\$ 289,874	\$ 490,450	\$ 314,980	\$ 2,520,810	\$ 1,943,054	\$ 577,756
2015	\$ 470,715	\$ 484,859	\$ 469,932	\$ 289,873	\$ 490,450	\$ 314,980	\$ 2,520,809	\$ 1,943,054	\$ 577,755
2016	\$ 470,715	\$ 484,859	\$ 469,932	\$ 289,873	\$ 490,450	\$ 314,980	\$ 2,520,809	\$ 1,943,054	\$ 577,755
2017	\$ 470,715	\$ 484,859	\$ 469,932	\$ 289,873	\$ 490,450	\$ 314,979	\$ 2,520,808	\$ 1,943,054	\$ 577,754
2018	\$ 470,714	\$ 484,859	\$ 469,932	\$ 289,873	\$ 490,450	\$ 314,979	\$ 2,520,807	\$ 1,943,054	\$ 577,753
2019	\$ 470,714	\$ 484,859	\$ 469,931	\$ 289,873	\$ 490,450	\$ 314,979	\$ 2,520,806	\$ 1,943,054	\$ 577,752
2020	\$ -	\$ 484,859	\$ 469,931	\$ -	\$ -	\$ -	\$ 954,790	\$ 614,061	\$ 340,729
2021	\$ -	\$ 484,859	\$ 469,931	\$ -	\$ -	\$ -	\$ 954,790	\$ 614,061	\$ 340,729
2022	\$ -	\$ 484,859	\$ 469,931	\$ -	\$ -	\$ -	\$ 954,790	\$ 614,061	\$ 340,729
TOTALS	\$ 5,648,578	\$ 7,272,888	\$ 7,048,976	\$ 3,516,115	\$ 5,885,402	\$ 3,796,347	\$ 33,168,306	\$ 25,158,831	\$ 8,009,475
Committed Debt Service									
2018	\$ 840,828	\$ 902,439	\$ 897,086	\$ 527,510	\$ 840,828	\$ 581,210	\$ 4,589,902		
2019	\$ 838,959	\$ 901,215	\$ 900,965	\$ 527,875	\$ 838,959	\$ 579,125	\$ 4,587,099		
2020		\$ 902,950	\$ 902,700				\$ 1,805,650		
2021		\$ 904,750	\$ 899,625				\$ 1,804,375		
2022		\$ 896,875	\$ 896,875				\$ 1,793,750		

DEPARTMENTAL REVENUE

History by Each Sub Category

Please note "Total" and consistency every year

	FY 04 Actual	FY 05 Actual	FY 06 Actual	FY 07 Actual	FY 08 Budget
Penalty and Interest:					
on Real and Per Tax	\$191,914	\$156,916	\$167,359	\$157,333	\$175,000
on MVX	\$21,040	\$24,141	\$28,832	\$36,844	\$22,500
on Tax Liens	\$192,935	\$224,319	\$150,888	\$107,861	\$250,000
on Boat Excise	\$502	\$484	\$432	\$190	
on Trash Liens		\$2,071	\$4,531	\$687	
RMV Surcharges	\$32,513	\$30,994	\$31,440	\$31,582	\$30,000
Land/Bldg Rentals	\$118,081	\$120,695	\$143,062	\$226,985	\$170,000
Donations and Contributions		\$112,000	\$50,000		
Fines and Forfeits	\$5,077	\$4,265	\$6,576	\$3,930	\$4,000
Miscellaneous (includes Lease income)	\$748,125	\$571,714	\$518,114	\$507,516	\$511,000
Executive	\$200	\$212	\$500	\$200	
Assessors	\$4,584	\$3,287	\$2,292	\$1,256	\$4,000
Mun Lien Certificates	\$51,700	\$52,350	\$67,325	\$56,310	\$55,000
City Clerk	\$177,780	\$200,612	\$194,644	\$192,235	\$173,925
Licen Board	\$147,148	\$147,739	\$146,200	\$163,584	\$150,000
Planning Dept	\$42,139	\$137,589	\$88,718	\$82,053	\$63,000
Zoning Board of Appeals	\$6,185	\$3,650	\$3,450	\$4,650	\$4,000
Police Dept	\$218,823	\$222,320	\$201,501	\$223,699	\$218,000
Fire Dept	\$52,845	\$56,396	\$70,625	\$60,089	\$47,500
Building Permits	\$504,193	\$684,657	\$576,842	\$504,664	\$530,000
Gas and Plumbing Permits	\$54,880	\$88,500	\$91,870	\$78,325	\$65,000
Sealing Fees	\$20,132	\$18,920	\$22,262	\$19,746	\$20,000
Electrical Permits	\$159,741	\$213,393	\$249,952	\$355,861	\$250,000
Harbormaster Fees	\$117,906	\$129,867	\$111,408	\$136,369	\$110,000
Engineering Fees	\$3,547	\$7,034	\$6,299	\$7,002	\$4,000
Highway Fees	\$6,856	\$32,845	\$10,400	\$18,375	\$12,500
Cemetery Fees	\$99,121	\$95,550	\$113,853	\$123,430	\$100,000
Health Dept Fees	\$64,606	\$66,079	\$63,418	\$65,266	\$65,000
Library Fines	\$12,201	\$6,843	\$11,521	\$11,955	\$12,700
City Total Departmental	\$3,054,774	\$3,415,442	\$3,134,314	\$3,177,997	\$3,047,125

**City of Beverly
Medicaid Revenue**

History

	FY 02		FY 03		FY 04		FY 05		FY 06		FY 07	
Medicaid	\$	291,524	\$	664,191	\$	571,130	\$	489,891	\$	478,379	\$	575,986

APPENDIX B

City of Beverly's Cherry Sheets:

**State Aid per Governor's Proposed Budget (House 1)*
State Assessments per Governor's Proposed Budget (House 1)**

** Forecast excludes The "Offset Receipts" presented on Cherry Sheet as these are not revenue to General Fund*

**Massachusetts Department of Revenue
Division of Local Services
FY2009 Local Aid Estimates**

BEVERLY

	FY08 Cherry Sheet Estimate	FY09 Governor's Budget (House 2)	Difference
Education:			
Chapter 70	6,901,558	7,254,770	353,212
School Transportation	0	0	0
Retired Teachers' Pensions	0	0	0
Charter Tuition Assessment Reimbursement	15,532	26,091	10,559
Offset Receipts:			
School Lunch	20,326	19,702	(624)
School Choice Receiving Tuition	424,066	389,407	(34,659)
Sub-Total, All Education Items	7,361,482	7,689,970	328,488
General Government:			
Lottery Aid	4,815,621	4,176,202	(639,419)
Gaming Proceeds for Lottery Gap	0	639,419	639,419
Total Lottery Aid	4,815,621	4,815,621	0
Additional Assistance	2,452,442	2,452,442	0
Local Share of Racing Taxes	0	0	0
Regional Public Libraries	0	0	0
Police Career Incentive	264,018	277,518	13,500
Urban Renewal Projects	0	0	0
Veterans' Benefits	52,904	98,487	45,583
Exempt: Vets, Blind & Surviving Spouses	80,923	84,455	3,532
Exemptions: Elderly	24,096	20,582	(3,514)
State Owned Land	0	0	0
Offset Receipts:			
Public Libraries	50,331	50,331	0
Sub-Total, All General Government	7,740,335	7,799,436	59,101
Total Estimated Receipts	15,101,817	15,489,406	387,589

FY2009 Local Aid Assessments BEVERLY

	FY08 Cherry Sheet Estimate	FY09 Governor's Budget (House 2)	Difference
County Assessments	0	0	0
State Assessments and Charges:			
Retired Employees Health Insurance	0	0	0
Retired Teachers Health Insurance	0	0	0
Mosquito Control Projects	65,767	66,624	857
Air Pollution Districts	11,035	11,229	194
Metropolitan Area Planning Council	11,546	11,589	43
Old Colony Planning Council	0	0	0
RMV Non-Renewal Surcharge	58,860	54,140	(4,720)
Sub-Total, State Assessments	147,208	143,582	(3,626)
Transportation Authorities:			
MBTA	802,840	796,841	(5,999)
Boston Metro. Transit District	0	0	0
Regional Transit	0	0	0
Sub-Total, Transportation Authorities	802,840	796,841	(5,999)
Annual Charges Against Receipts:			
Multi-Year Repayment Programs	0	0	0
Special Education	7,557	2,094	(5,463)
STRAP Repayments	0	0	0
Sub-Total, Annual Charges	7,557	2,094	(5,463)
Tuition Assessments			
School Choice Sending Tuition	579,016	608,762	29,746
Charter School Sending Tuition	29,394	72,852	43,458
Essex County Tech Sending Tuition	199,883	193,226	(6,657)
Sub-Total, Tuition Assessments	808,293	874,840	66,547
Total Estimated Charges	1,765,898	1,817,357	51,459

For information about how the estimates were determined and what may cause them to change, click: [Local Aid Estimate Program Summary](#).

Please note that final Charter School and School Choice assessments may change significantly when updated to reflect spring enrollment data and final tuition rates.

APPENDIX C

**New Debt (BANS and Bonds) to be Issued in Spring 2008
(High School and Other Projects/Equipment)**

CITY OF BEVERLY
UNISSUED DEBT SERVICE PROJECTION FOR FORECAST

		2009	2010	2011	2012	2013
Fire Department Vehicle \$370,000	P	\$ 92,500	\$ 92,500	\$ 92,500	\$ 92,500	
	I	\$ 18,500	\$ 13,875	\$ 9,250	\$ 4,625	
Purchase of Open Space \$720,000	P	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000
	I	\$ 36,000	\$ 34,200	\$ 32,400	\$ 30,600	\$ 28,800
Innocenti/McPherson \$250,000	P	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
	I	\$ 12,500	\$ 11,250	\$ 10,000	\$ 8,750	\$ 7,500
Measure and List \$375,000	P	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500
	I	\$ 18,750	\$ 15,625	\$ 12,500	\$ 9,375	\$ 6,250
Vitale Site \$300,000	P	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
	I	\$ 15,000	\$ 13,500	\$ 12,000	\$ 10,500	\$ 9,000
Lynch Park \$200,000	P	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	I	\$ 10,000	\$ 9,500	\$ 9,000	\$ 8,500	\$ 8,000
New Fire Quint \$900,000	P		\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
	I	\$ 31,500	\$ 45,000	\$ 40,500	\$ 36,000	\$ 31,500
High School Project \$35,000,000	P	\$ 175,000	\$ 1,050,000	\$ 2,041,667	\$ 1,750,000	\$ 1,750,000
	I				\$ 1,750,000	\$ 1,662,500
Total New Debt Service		\$ 573,250	\$ 1,538,950	\$ 2,513,317	\$ 3,954,350	\$ 3,757,050

Notes:

Short term borrowing at 3.5%

Long Term Borrowing at 5.0%

High School Project - Borrow \$10.0 million short term from 5/08 to 11/08

Borrow \$30.0 million short term from 11/08 to 11/09

Borrow \$35.0 million short term from 11/09 to 6/10

Issue \$35.0 million of long term debt on 6/10

APPENDIX D

Vocational School – Enrollment and Annual Budget Trends Affecting Assessment

North Shore Regional Vocational School District
Historical Data
Municipal Assessments

ASSESSMENTS											
09-Jan-08											
	Total Assessment	Total Assessment	Total Assessment	Total Assessment	Total Assessment	Total Assessment	Total Assessment	Total Assessment	Total Assessment	Total Assessment	Total Assessment
Community	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998
Beverly	1,466,222	1,509,704	1,520,118	1,418,694	1,526,002	1,287,272	1,255,977	1,169,200	1,120,896	994,710	899,195
Boxford	126,163	66,480	65,634	66,696	75,573	69,278	66,890	64,075	62,198	61,991	60,120
Danvers	1,177,561	968,762	944,259	910,422	986,147	941,816	859,943	590,297	548,629	432,125	324,488
Essex	179,090	134,039	140,680	101,709	69,524	62,921	59,698	61,653	58,986	56,832	55,125
Gloucester	748,503	770,467	646,807	582,728	612,794	441,906	384,396	468,810	473,041	569,083	492,512
Hamilton	143,413	197,204	160,664	142,154	89,889	46,771	46,482	44,475	69,574	54,091	63,910
Lynnfield	105,297	106,635	88,090	127,802	142,468	150,536	167,773	203,560	151,102	170,619	162,759
Manchester	31,043	60,989	74,558	63,538	69,019	62,049	60,373	55,694	67,288	51,807	49,714
Marblehead	128,488	123,566	125,565	101,567	99,010	78,692	46,902	44,697	78,091	108,522	105,722
Middleton	315,489	245,550	249,364	181,294	146,321	150,431	108,735	155,771	131,533	189,152	164,105
Nahant	96,824	77,765	76,940	68,536	79,750	70,721	72,381	51,879	90,201	48,456	72,650
Rockport	247,392	344,385	381,638	394,815	353,794	325,774	328,921	270,498	191,746	201,425	186,938
Salem	1,655,699	1,510,808	1,302,497	1,224,075	1,190,755	1,036,369	1,053,707	914,263	891,477	986,823	997,639
Swampscott	274,146	236,448	132,815	126,173	81,547	97,593	51,686	108,816	173,440	86,745	119,460
Topsfield	38,095	23,486	45,166	54,388	67,233	59,179	58,836	56,982	54,552	53,691	51,645
Wenham	27,417	37,257	44,978	55,489	64,770	55,949	55,818	53,989	50,078	50,273	48,509
Total	6,760,842	6,413,545	5,999,773	5,620,080	5,654,596	4,937,257	4,678,518	4,314,659	4,212,832	4,116,345	3,854,491

North Shore Regional Vocational School District
Historical Data - Enrollment by F.T.E.

	1-Oct-96	1-Oct-97	1-Oct-98	1-Oct-99	1-Oct-00	1-Oct-01	1-Oct-02	1-Oct-03	1-Oct-04	1-Oct-05	1-Oct-06
<u>Community</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>	<u>F.T.E.</u>
Beverly	92.0	92.0	98.0	99.0	101.0	102.0	106.0	100.0	107.0	98.0	93.0
Boxford	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	9.0
Danvers	34.5	41.5	49.0	50.0	66.0	70.0	67.5	57.5	59.5	59.0	74.0
Essex	5.0	5.0	5.0	5.0	5.0	5.0	5.0	8.0	9.0	8.0	11.0
Gloucester	57.0	59.0	53.0	51.0	43.0	46.0	54.0	48.0	51.5	57.5	52.0
Hamilton	7.0	6.0	7.0	5.0	5.0	5.0	9.0	16.0	14.0	15.0	10.0
Lynnfield	18.0	18.0	16.0	19.0	16.0	13.0	8.0	8.0	5.0	7.0	6.0
Manchester	5.0	5.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Marblehead	10.0	10.0	6.5	5.0	5.0	7.0	10.5	8.0	11.0	9.0	9.0
Middleton	15.5	17.0	13.0	14.0	11.0	14.0	14.0	16.0	23.0	20.0	23.0
Nahant	7.0	5.0	7.5	5.0	6.0	6.0	6.0	5.0	6.0	5.0	6.0
Rockport	17.0	17.0	16.0	21.0	24.0	22.0	21.0	27.5	22.5	19.0	15.0
Salem	107.0	106.0	101.0	100.0	106.0	104.0	99.0	118.0	117.0	128.0	130.0
Swampscott	13.0	10.0	15.5	11.0	7.0	10.0	10.0	11.0	9.0	17.0	18.0
Topsfield	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Wenham	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total	403.0	406.5	408.5	405.0	415.0	424.0	430.0	443.0	454.5	462.5	471.0